

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

In the matter of:

Vazilyn Poinsetta & Associates, Inc.
XXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXX
XXXXXXXXXX

Enforcement Case No. 04-2930

Vazilyn Poinsetta
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Vazilyn Poinsetta
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Respondents

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**ORDER FOR SUMMARY SUSPENSION, ORDER
TO CEASE AND DESIST, AND NOTICE OF ADMINISTRATIVE HEARING**

Issued and entered
this 11th day of October 2004
by Linda A. Watters, Commissioner

Background

1. Vazilyn Poinsetta & Associates, Inc. (VPA) is a Michigan corporation that was organized under the laws of the State of Michigan on November 25, 1986.
2. On February 12, 2001, VPA became registered (IARD File No. 124061) as a Michigan Registered Investment Adviser (RIA) pursuant to the Michigan Uniform Securities Act, 1964 PA 265, as amended; MCL 451.501 *et seq.* (hereinafter the MUSA), and the rules promulgated under the Michigan Administrative Procedures Act (hereinafter the Rules).

3. Vazilyn Poinsetta (VP) is the Resident Agent and President of VPA. Her last known home address (on the CRD) is **XXXXXXXXXXXXXXXXXX**.
4. VP was a registered securities agent (CRD No. 826210) for Bentley-Lawrence Securities, Inc., a Michigan registered broker-dealer (CRD No. 13174), from May 16, 1989 through August 28, 1997.
5. From November 24, 1997 through November 27, 2002, VP was a registered securities agent for Magellan Securities, Inc. (Magellan), a Michigan registered broker-dealer (CRD No. 15986). VP was permitted to resign from Magellan on November 27, 2002 for “lack of production.”
6. From November 27, 2002 to the present, VP has not been registered in Michigan as a securities agent.
7. At all times, VP represented VPA as its President, Resident Agent and investment adviser representative, as defined in Section 401(m) of the MUSA.
8. The Administrator is statutorily charged with registering and/or regulating broker-dealers, agents, investment advisers, investment adviser representatives and finders doing business in this state.
9. The Office of Financial and Insurance Services (OFIS) has petitioned the Administrator to issue this Order, and alleges that the following facts, supported by OFIS Examiners, that Respondents continued activity poses a threat of financial loss to investor clients of the firm, and an imminent threat to the public safety and welfare, are true and correct.

Count I

10. As part of VPA’s initial RIA registration application, OFIS required VP to submit an executed Consent and Guarantee (C&G) Form from her then current broker-dealer—Magellan. The C&G places supervisory responsibility on a broker-dealer to properly supervise the activities of its agents and their investment adviser activities as registered investment advisers or investment adviser representatives.
11. In response to the C&G requirement, VP advised OFIS in a letter dated January 31, 2001, that stated in part: “Enclosed is a letter of resignation from my broker/dealer and therefore no Consent and Guaranty Form is required.” VP also included a copy of her January 16, 2001 letter of a resignation addressed to Magellan and advising Magellan, “Please be advised that this letter officially serves as notice of my resignation as a registered security representative with Magellan Securities, Inc. This notice is effective immediately upon receipt.”

12. Based on VP's written representations to OFIS, OFIS relied on both of these letters and believed that VP terminated her agent registration with Magellan. As a result, OFIS did not require a C&G form from VP. While a registered agent of Magellan, VP conducted business for VPA, as an investment adviser representative and did so without a C&G or approval from Magellan and in violation of the MUSA for failing to provide a C&G when operating as an agent.
13. Documents obtained from bank records and Magellan, indicated that VP renewed her agent registration with Magellan on or about December 17, 2001, even after having advised OFIS eleven months earlier that she terminated her agent registration.
14. Section 404 of the MUSA provides that it is unlawful for any person to make or cause to be made, in any document filed with the administrator or in any proceeding under the MUSA, any statement which at the time and in light of the circumstances under which it was made, false or misleading in any material respect.
15. Section 102(i) of the MUSA provides that it is unlawful for an agent registered with a broker-dealer to conduct business as an investment adviser or an investment adviser representative except through the broker-dealer with which the agent is registered and with the written consent of the broker-dealer filed with the administrator, in a form and subject to terms and conditions acceptable to the administrator.
16. The actions listed above show that the Respondents have violated Sections 404 and 102(i) of the MUSA.

Count II

17. On February 5, 2004, by letter and facsimile, OFIS Examiners advised VP that OFIS planned to conduct an examination of her firm, VPA. The letter included a list of certain records and documents for which copies were to be made readily available for the examiner to "take with". The rest of the list requested that copies of certain records, files and documents be made available for the examiner's review.
18. On February 13, 2004, OFIS Examiners arrived at VPA's office to initiate the investment adviser examination of VPA. While there, the examiners determined many of the records were not readily available or current.
19. The following are some of the records that were not readily available or current:
 - A. Financial statements (balance sheet, income statement and trial balance) for the three (3) most recent fiscal years. The only statement provided by VP was a VPA balance sheet for fiscal 2001. The rest of the 2001 and all of the 2002 or 2003 financial statements were not readily available. (Not made available)

- B. List of all clients. (Not made available)
 - C. Bank statements, cancelled checks, deposit slips and bank reconciliations for the past 12 months. Bank statements were only available for one VPA account from March 31, 2003 through June 30, 2003. The last bank reconciliation was as of June 30, 2003. Copies of cancelled checks were only available from March 2003 through June 30, 2003.
 - D. Correspondence with any state or federal agencies. (Not made available)
 - E. All current loan agreements and notes payable. (Not made available)
 - F. Documents relating to all complaints. Only one (1) investor complaint (Complainant CC) was found in VPA's Complaint folder. Evidence now indicates there were more complaints against VP/VPA.
 - G. A list of clients directly or indirectly related to VPA or any of its affiliated/related persons. (Not made available).
 - H. List of all investment partnerships, trusts or any other pooled investment vehicle formulated or offered by the adviser or associated person. (Not made available)
 - I. All offering memoranda, financial statements and agreements for the above referenced investments. (Not made available)
20. Section 203(a) of the MUSA provides every registered broker-dealer and investment adviser shall make and keep accounts, correspondence, memoranda, papers, books, and other records as the administrator by rule or order prescribes. All records required shall be preserved for three (3) years unless the administrator by rule or order prescribes otherwise for particular types of records.
21. Section 203(d) of the MUSA provides that records are subject to examination by representatives of the administrator, as the administrator considers necessary or appropriate in the public interest or for the protection of investors. Failure of a registrant to promptly provide records for inspection shall be cause for a summary suspension order until conclusion of the examination of the records.
22. Rule 603.5(1) provides that an investment adviser shall make and keep current such books and records relating to the investment adviser's business as are required by the Securities and Exchange Commission to be made and kept current by registered investment advisers under the investment advisers act of 1940, 15 U.S.C. S80b et seq., and such other books and records relating to the investment adviser's business as the administrator may reasonably require.

23. On February 26, 2004, OFIS Examiners visited VPA's office. VP refused to allow OFIS Examiners to review certain files. VP alleged these files were "personal records," but the files were clearly marked and contained documents such as: U-4 forms; lease agreements, contracts; agent/broker agreement, contracts; complaint, clients; and advisor registration forms.
24. During the months of March and April 2004, OFIS Examiners made several telephone calls to VP. VP routinely took several days to return calls or only after repeated calls by OFIS Examiners. During the period of April 8 – 22, 2004, OFIS Examiners made four telephone calls to VPA's office, but each time received a recorded message that the mailbox was full.
25. On February 5, 2004, February 26, 2004, and March 19, 2004, OFIS Examiners sent or gave VP a letter requesting documents and information about VPA's business operations. VP provided certain documents, but was unable to answer questions relating to these documents and VPA's financial statements.
26. As an investment adviser representative for VPA, VP attempted to thwart OFIS's examination by: not providing all requested or subpoenaed documents, not allowing OFIS staff to examine all of her firm's records, including alleged "personal records," not answering or responding to OFIS's telephone calls, her inability to answer questions relating to her firm's financial statements and the lack of complete cooperation during the examination demonstrates VP's violation of Section 203(a) and (d) of the MUSA and Rule 603.5(1).

Count III

27. On February 19, 2004, OFIS Examiners continued their examination. They received the remaining VPA financial statements for fiscal 2001, 2002 and 2003. A review of VPA's Balance Sheets for December 31, 2001, December 31, 2002 and December 31, 2003 disclosed that VPA was financially insolvent (liabilities exceeded assets) by (\$76,392.19), (\$30,770.36) and (\$75,430.69) respectively.
28. In addition, on January 2, 2002, as part of its Investment Adviser Registration renewal, VP on behalf of VPA, filed with OFIS, a November 30, 2001, dated Balance Sheet that indicated VPA had a positive "stockholder's equity" (net worth) of \$19,297. The renewal understated the amount of liabilities shown on our copy of the 12/31/01 Balance Sheet. Had OFIS received a balance sheet from VPA that indicated a negative net worth, it would not have renewed VPA's Investment Adviser registration.

29. Section 204(a)(1)(H) of the MUSA states that:

“(a) The administrator may by order, if it finds the order in the public interest, deny, suspend, or revoke any registration, or censure a registrant, if it finds that 1 or more of the following apply:

(1) The applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

* * *

(H) Is insolvent, either in the sense that his or her liabilities exceed his or her assets or in the sense that he or she cannot meet his or her obligations as they mature; but the administrator may not enter an order against a broker-dealer or investment adviser under this subdivision without a finding of insolvency as to the broker-dealer or investment adviser.”

30. Section 404 of the MUSA provides that it is unlawful for any person to make or cause to be made, in any document filed with the administrator or in any proceeding under this act, any statement, which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect.
31. VPA’s three (3) years of negative net worth indicates insolvency and violates Section 204(a)(1)(H) of the MUSA.

Count IV

32. During the examination of VPA’s records and through interviews conducted with several investor complainants, OFIS determined that VP offered and sold unregistered securities since as early as 1997 and as late as 2003.
33. OFIS staff determined that at least two unregistered securities offerings were offered and sold by VP. They are:

A. Real Land Securities, Inc. (Real Land)

- (1) A copy of a May 9, 1997, Limited Offering Memorandum (LOM) was obtained from VP on February 19, 2004. The offering allegedly consisted of a \$5,000,000 amount of fixed rate capital notes with 2, 5 and 8-year maturities. The maturity dates were as follows: December 31, 1999, December 31, 2002 and December 31, 2005.

- (2) On February 26, 2004, after having reviewed the above May 9, 1997, LOM, and while at VPA's office, OFIS Examiners furnished VP with a second written list (List 2) of "Additional Questions" (in addition to the previous February 5, 2004 list), relating to Real Land. On March 18, 2004, VP gave them a partial written response to List 2.
- (3) OFIS Examiners asked VP for written clarification with regard to the investors found in her written response. VP was asked to identify, which of the investors purchased securities under the May 9, 1997 LOM and which purchased under a previous 1992 Regulation D offering.
- (4) As witnessed by OFIS Examiners, VP attested to in writing that she, as President of Real Land, sold the notes to the "above persons from August 31, 1992 through September 3, 2001." VP then executed her response in front of OFIS Examiner. Based on amounts identified in her response, the sales of unregistered securities under the May 9, 1997 LOM amounted to approximately \$226,500.
- (5) VP indicated sales occurred through September 3, 2001, but certification from the Corporations Division of the Bureau of Commercial Services indicates Real Land was automatically dissolved under the Business Corporation Act, on July 15, 2000. Vazilyn Poinsetta as President and Resident Agent filed the last Michigan Annual Report for Real Land in 1997.
- (6) On April 27, 2004, OFIS served VP/VPA with a subpoena to produce documents by April 30, 2004. VP/VPA have failed to produce any of the requested documents.

B. Capital Venture Fund I Limited Partnership.

- (1) The second unregistered securities offering is identified by various names; such as Capital Venture Fund, Capital Venture, Capital Ventures, Capital Venture, Inc. or Capital Venture Fund I Limited Partnership. Even though investor checks were written to the various "Capital Venture" type names, the funds or invested amounts were deposited into a Capital Venture Fund I Limited Partnership (CVFILP) commercial checking account at Franklin Bank.
- (2) This offering is not to be confused with an earlier securities offering by CVFLIP (a \$450,000-Regulation D 505-506 offering) that was originally filed with the Corporation and Securities Bureau on June 4, 1993, and consisted of limited partnership interests.

- (3) This second unregistered securities offering is a quasi-contractual arrangement whereby investors furnished capital to CVFILP (through VP) that was subject to the risks of CVFILP. Investors were induced by representations made by VP that a valuable tangible benefit (interest/income) would accrue to the investors as a result of CVFILP's operations. Furthermore, the investors did not intend to be actively involved in the management of CVFILP in a meaningful way and that the promoter (VP) anticipated that at the time the capital was furnished, that financial gain might be realized as a result thereof.
- (4) Documents obtained from the Corporation Division of the Bureau of Commercial Services indicate that a Certificate of Limited Partnership was filed for "Capital Venture Fund I Limited Partnership" (CVFILP) on May 10, 1993. The General Partner of CVFILP was a "Suyanoma Corporation" of which Vazilyn Poinsetta was its President. The Limited Partner of CVFILP was also Vazilyn Poinsetta.
- (5) Suyanoma Corporation filed its last annual report on May 16, 1995. Certified Corporation Division records indicate that Suyanoma Corporation was automatically dissolved July 15, 1998. Yet, according to subpoenaed bank records, on January 11, 2000, Vazilyn Poinsetta opened a checking account with Franklin Bank (Account XXXXXXXX) on behalf of CVFILP.
- (6) The checking account application identifies CVFILP as a limited liability partnership instead of a limited partnership. In February of 2004, the CVFILP Franklin bank checking account was closed out without any funds in the account.
- (7) VP would persuade prospective investors to invest their money or funds (including IRA funds) with her. VP held herself out as a Certified Financial Planner (CFP) and/or VPA as Certified Financial Planners. Because VP presented herself and VPA as Certified Financial Planners, she was able to convince many investors that she could help them generate greater returns on their investments. Promising a high rate of return she would allegedly deposit the funds into the CVFILP's commercial checking account. Certification obtained by OFIS from the Certified Financial Planner Board of Standards, indicates that VP has never completed all of the certification requirements for a Certified Financial Planner.
- (8) According to interviewed investor complainants, VP advised them that they could withdraw their funds, with interest, at any time. However, several investor complainants interviewed by OFIS Examiners indicate that many times they could not get their money out when they wanted to

or would receive checks “signed” by Vazilyn Poinsetta that had insufficient funds (NSF). The interviewed investors also stated that typically, they would not get account statements from CVFILP or VP. Unless they persisted, CVFILP or VP did not routinely give account balance statements.

- (9) Based on CVFILP’s January 2000 through December 31, 2003 bank statements, OFIS Examiners estimate that VP placed over \$1,000,000 of investor funds into CVFILP. It is very likely that VP is still soliciting investor funds for CVFILP.
- (10) This “alleged” investment program operated as a “Ponzi” scheme on the investors. “Older invested money” was repaid or partially repaid with “fresh” or “new” money coming in from new investors.

For example, an investor, who is identified as “LT,” invested approximately \$164,000 in CVFILP on April 5, 2002, and an additional \$37,458.39 on May 17, 2002 (for a total of \$201,458.39).

On April 1, 2002, the beginning CVFILP bank balance was \$21,468.71. There were only two deposits during the month, consisting of two checks,

LT’s check for \$164,000 and \$36,070 from another investor. Thus, a total of \$221,539.41 was available in the account during the month of April 2002. By the end of the month (April 2002), the balance in the account declined to \$145,068.91. Yet OFIS’s review of the disbursements, from both cancelled checks and other withdrawals did not indicate that LT’s \$164,000 was being invested.

The following month, (May 2002), two additional checks of \$37,458.39 and \$9,992.63 respectively (for a total of \$47,451.02) were received and deposited into the CVFILP account. The \$37,458.39 came from LT and the \$9,992.63 from another investor. By the end of May 2002, the bank statement balance declined to \$118,121.88. Again, OFIS Examiners did not see any evidence that the above LT’s funds were being invested.

A review of the CVFILP disbursements from both cancelled checks and other withdrawals during this 2-month period, disclosed the following:

Vazilyn Poinsetta prepared and cashed eleven CVFILP checks written to “cash”, for \$24,100 (for herself). VP prepared four CVFILP checks totaling \$22,000 made out to VPA. The checks to VPA were either cashed by VP or deposited into the VPA business checking account. VP also “transferred” out funds from CVFILP to herself for \$1,000 and to VPA for \$8,300. Total withdrawals for all of the above amounted to

\$55,400. The remainder of the other CVFILP checks, and various other withdrawals (electronic/telephone) were for smaller amounts to various CVFILP investors or other creditors. Lastly, three checks totaling \$16,000 and two wire transfers totaling \$25,000 were deposited or wired to Real Land Securities, Inc.

According to an account statement issued to LT by Vazilyn Poinsetta on behalf of "Capital Venture Fund" (meaning CVFILP), it alleged that LT had an account balance of approximately \$283,371, as of January 1, 2004. However, CVFILP's December 31, 2003, bank statement checking account balance indicates a balance of (\$-18.73). As of February 16, 2004 the CVFILP account was closed out with a \$0.00 balance.

- (11) From subpoenaed bank records, OFIS prepared a detailed and summary schedule of all available deposits, withdrawals and transfers during all of 2003, for CVFILP's checking account (Account No. 555006441). The summary schedule indicates that approximately \$750,450 in net deposits was received from investors during 2003. Of that amount, \$181,252 in cash was withdrawn by Vazilyn Poinsetta either as a direct withdrawal from the CVFILP account or through checks written to "Cash". An additional \$51,200 in transfers/withdrawals and checks were made out to VPA. Lastly, \$49,100 in wire transfers and checks was made out to Real Land Securities, Inc. Altogether, \$284,052 was paid or transferred to VP, VPA or Real Land. This represents approximately 37.85% of all net deposits to CVFILP funds in 2003. The balance of the 2003 expenditures are to various individuals, businesses and other expenses.
 - (12) From copies of CVFILP bank statements, beginning with January 2000, (the month that the account was opened with Franklin bank) OFIS prepared a schedule of seven investors that had invested funds in CVFILP. Based on the schedule, over \$778,665 (excluding accrued interest) was owed to them by CVFILP. Though the schedule represents only seven investors, there are numerous other investors that have not been listed.
 - (13) VP, through VPA maintained control and custody over various investor funds invested with CVFILP. VP had the ability to effectively withdraw client funds whenever she needed or wanted to.
- 34. Based on OFIS's estimates, investors have placed over \$1,000,000 with VP and her affiliated entities. Based on OFIS's review of CVFILP's and VPA's available bank records, most investor funds appear to be gone.
 - 35. OFIS alleges most investors are unaware that their funds have not been invested in a real or legitimate investment. This stems from the fact that the sale of unregistered securities offerings had a long-term maturity period (Real Land Securities, Inc.) and that the Capital

Venture Fund, i.e. CVFILP account statements indicate the clients' balance was growing as a result of alleged high interest rates.

36. OFIS Examiners did not find any evidence that investor funds deposited in CVFILP were being invested in money market or mutual fund type accounts, but actually the investor funds were used to pay VP, VPA, their respective creditors, and repay some earlier investors a small portion of their investment.
37. Based on both current and past actions, Vazilyn Poinsetta poses an imminent financial threat to the general investing public, especially to the elderly and their retirement funds. Several of the CVFILP account statements obtained from complainants indicate that their IRA and retirement funds were invested in CVFILP.
38. Section 301 of the MUSA states that:

“It is unlawful for any person to offer or sell any security in this state unless 1 of the following is met:

 - (1) It is registered under this act.
 - (2) The security or transaction is exempted under section 402.
 - (3) The security is a federally covered security.”
39. The above offerings, as referenced under paragraph 30, were neither registered nor exempt from registration under the MUSA and were not a federally covered security.
40. Section 102 of the MUSA states in part:

“(a) Except as otherwise provided in this subsection, an investment adviser, a federally covered adviser, or a person who represents an investment adviser or a federally covered adviser shall not, directly or indirectly, do any of the following:

 - (1) Employ a device, scheme, or artifice to defraud a client or prospective client.
 - (2) Engage in an act, practice, or course of business that operates or could operate as a fraud or deceit upon a client or prospective client.
 - (3) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

* * *

(h) Unless the administrator by rule or order permits taking or having custody, it is unlawful for any investment adviser not registered as a broker-dealer to take or have custody of any securities or funds of any client.”
41. The conduct shows that the Respondents have violated Section 301 and 102(a) and (h) of the MUSA.

Count V

42. The offer and sale of securities by Vazilyn Poinsetta on behalf of Real Land Securities, Inc., and the CVFILP securities, were conducted without furnishing a prospectus or Offering Memorandum to investors at or before the time of sale.
43. Investors were advised that they would get a high rate of return but were not specifically informed by VP as to how that would be achieved. Interviewed CVFILP investors believed that their funds were going into a money market or a mutual fund type of account.
44. The failure to provide material information to investors with regard to their investments is a violation of Section 101 of the MUSA.
45. Section 102 of the MUSA states in part:

“(a) Except as otherwise provided in this subsection, an investment adviser, a federally covered adviser, or a person who represents an investment adviser or a federally covered adviser shall not, directly or indirectly, do any of the following:

 - (1) Employ a device, scheme, or artifice to defraud a client or prospective client.
 - (2) Engage in an act, practice, or course of business that operates or could operate as a fraud or deceit upon a client or prospective client.”
46. The conduct above shows that Respondents have violated Section 101 and 102(a)(1) and (2) of the MUSA.

Count VI

47. From November 24, 1997 through November 27, 2002, VP was a registered securities agent for Magellan Securities, Inc. (Magellan), a Michigan Registered broker-dealer (CRD No. 15986). VP was permitted to resign from her employment with Magellan on November 27, 2002.
48. From November 27, 2002 to the present, VP has not been registered in Michigan as a registered securities agent.
49. Any sales of securities by VP after November 27, 2002 would have been as an unregistered securities agent.
50. The sale of the above referenced unregistered securities by Vazilyn Poinsetta was not recorded on the records of her employer, Magellan.

51. Section 204(a)(1) of the MUSA states in part:

“(a) The administrator may by order, if it finds the order in the public interest, deny, suspend, or revoke any registration, or censure a registrant, if it finds that 1 or more of the following apply:

(1) The applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

* * *

(G) Has engaged in dishonest or unethical business practices.

* * *

(Y) Has, while registered as an agent, effected securities transactions when those transactions were not recorded on the records of the employer broker-dealer.

52. Section 201(a) of the MUSA provides that a person shall not transact business in this state as a broker-dealer or agent unless registered under this act.

53. The conduct above shows that Respondents have violated Section 204(a)(1)(g) and (Y) and 201(a) of the MUSA.

WHEREAS, Section 408 of the MUSA, states that whenever it appears to the Administrator that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with the MUSA or any rule or order hereunder; and

WHEREAS, based upon the above, I find that the conduct of Respondents, poses a threat of financial loss to investor clients of VPA; and

WHEREAS, I further find that the Respondents provided false statements in documents filed with OFIS concerning Respondents’ on-going activities with Magellan; and.

WHEREAS, I further find that Respondents’ conduct and failure to provide requested documents and continued lack of response to a lawfully issued subpoena, indicates Respondents have thwarted the efforts of OFIS staff to carry out their statutory responsibilities under Section 203 of the MUSA; and

WHEREAS, I further find that Respondent VPA is insolvent in that its liabilities exceed its assets, that Respondent VPA’s continued registration as an investment adviser poses a threat of financial loss to its clients in that Respondent VPA may not be able to promptly satisfy claims of its clients if it goes out of business. Respondent VPA’s insolvency poses an imminent threat

to the public safety and welfare because there is a clear risk that VPA does not have sufficient liquid assets to meet its obligations; and

WHEREAS, I further find the securities issued by VP on behalf of Real Land Securities and Capital Venture Fund I Limited Partnership are a security within the meaning of Section 401(z) of the MUSA; and

WHEREAS, I further find the records of OFIS disclose that the securities offered by Respondents were not:

- a. Registered under Section 301 of the MUSA;
- b. Exempt from registration under Section 402 of the MUSA; and
- c. Federally covered securities; and

WHEREAS, I further find the records of OFIS disclose that the securities transactions relating to the Real Land Securities and Capital Venture Fund I Limited Partnership are not exempt under Section 402 of the MUSA; and

WHEREAS, I further find that the Respondents omitted to state the material fact that the investments sold are unregistered securities; and

WHEREAS, I further find that the Respondent VP engaged in unethical business practices by transacting business in Michigan as an unregistered securities agent; and

WHEREAS, based on the foregoing, I further find that Respondents are engaged in acts and practices that violate the MUSA and Rules promulgated under the MUSA; and

WHEREAS, I further find this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the MUSA; and

Accordingly, an emergency Order of Summary Suspension is appropriate and necessary in order to protect the public interest and maintain the integrity of the securities industry in Michigan.

IT IS THEREFORE FURTHER ORDERED, pursuant to Section 408 of the MUSA, that:

The Respondent VPA shall immediately CEASE AND DESIST from:

1. Transacting business in this state as a registered investment adviser.
2. Refusing to provide the Administrator with requested subpoenaed documents.
3. Failing to maintain solvency while transacting business in this state.

4. Making any untrue statement of a material fact in connection with the offer, sale or purchase of any security or to omit to state a material fact necessary in order to make the statement made not misleading.

IT IS THEREFORE FURTHER ORDERED, pursuant to Section 408 of the MUSA, that:

The Respondent VP shall immediately CEASE AND DESIST from:

1. Offering to sell or selling unregistered, non-exempt securities in and from the State of Michigan.

2. Making any untrue statement of a material fact in connection with the offer, sale or purchase of any security or to omit to state a material fact necessary in order to make the statement made not misleading.

3. Acting as a securities agent without being registered.

Due process requirements of the MUSA and the Michigan Administrative Procedures Act require that the registrant VPA, subject to summary disciplinary action, be provided with an opportunity for a prompt hearing on the Order of Summary Suspension. Sections 203(d) and 204(c) of the MUSA, and in accordance with Section 92 of the Michigan Administrative Procedures Act, authorizes a summary suspension of Respondent VPA's registration. Further, due process requires that Respondents be afforded an opportunity for hearing on the Order to Cease and Desist.

Therefore, IT IS HEREBY ORDERED that:

1. A copy of the Order of Summary Suspension shall be served upon the Respondent VPA forthwith. The Order of Summary Suspension shall be immediately effective upon service of this Order on Respondent VPA.

2. Respondent VPA's registration to engage in the business as a registered investment adviser, pursuant to the MUSA, is hereby SUMMARILY SUSPENDED upon service of the Order upon any Respondents.

3. As provided in Section 408(c) of the MUSA, the exemptions specified in Section 402 (a)(1), (6), (7), (8), (9), and (10) of the MUSA, and Section 402(b) of the MUSA are denied or revoked with respect to the right of VP or VPA to sell exempt securities or engage in exempt transactions in the future without compliance with the registration provisions of the MUSA.

4. An administrative hearing on this Order for Summary Suspension and Order to Cease and Desist shall be promptly afforded Respondents, if requested in writing within 15 days after receipt of this Order. Any request for a hearing should be addressed to OFIS, Attention: Hearings Coordinator, Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

5. Respondents shall immediately make available to OFIS for examination any and all books, accounts, papers, records, files, and documents pertaining to its activities under the MUSA, as referenced in the subpoenas.

6. Respondents shall allow OFIS to conduct any examination or investigation of Respondents' activities under the MUSA, as it deems necessary to protect the public interest and to assure compliance with the provisions of the law.

7. Respondent and its officers, directors, employees and agents shall immediately cease and desist from conducting any business as a broker dealer under the MUSA.

8. The Administrator specifically retains jurisdiction of the matters contained herein to issue such further order or orders as he may deem just, necessary or appropriate so as to assure compliance with the law and protect the public interest.

Linda A. Watters, Commissioner
Office of Financial and Insurance Services